



Guidelines for Estimating Beef Grassing Costs Based on 500 Head

Date: February, 2000

The following budget is an estimate of the costs of production associated with pasturing 500 feeder cattle. The purpose of this budget is to assist Manitoba livestock producers in calculating their own costs and take into consideration the factors that should be included when budgeting to determine break-even prices.

Manitoba has an abundance of suitable land for pasturing cattle (ie. PFRA Community pastures, Agricultural Crown Lands, private pastures, etc.). Because of this abundance the cost of raising cattle on pasture in Manitoba is very competitive when compared to other provinces. In this budget it is assumed that feeders are purchased in the spring, put in a feedlot for 30 days prior to going out on pasture for an additional 120 days.

The assumptions on which costs are calculated are clearly defined in the supporting pages. When interpreting these costs for an individual situation, adjustments may be required. Note that on-farm feed costs are based on market prices at the farm. It is assumed that all the feed is grown on the farm, except for supplements. Each assumption must be examined and adjustments made, where necessary, to apply to the farmer's own situation.

Interpretation and use rests solely with the user and Manitoba Agriculture assumes no liability for decisions made because of use of this publication, as this is just a guide.

BEEF GRASSING PRODUCTION COST SUMMARY -2000

	<u>Cost/head</u>	<u>Your Cost</u>
A. Operating Costs		
1. Feed Costs:		
1.01 Ground Barley	\$5.00	_____
1.02 Hay	\$7.20	_____
1.03 Salt, Vitamins & Minerals	<u>\$1.80</u>	_____
Total Feed Costs	\$14.00	_____
 2. Other Operating Costs:		
2.01 Feeder Cost	\$858.01	_____
2.02 Yardage	\$9.00	_____
2.03 Veterinary Medicine & Supplies	\$6.73	_____
2.04 Insurance	\$3.80	_____
2.05 Selling Cost	\$27.04	_____
2.06 Death Loss	<u>\$8.75</u>	_____
Subtotal Operating Costs	\$927.33	_____
2.07 Operating Interest	<u>\$31.18</u>	_____
Total Operating Costs	\$958.51	_____
 B. Fixed Costs		
3.01 Pasture Costs	\$40.63	_____
 Total Operating & Fixed Costs	\$999.14	_____
 C. Labour	\$2.50	_____
 Total Costs Of Production	\$1,001.64	_____
Cost per lb of gain sold	<u>\$/lb</u>	
Operating costs	\$0.48	_____
Total costs	\$0.69	_____
 Break-even selling price		
Operating costs	\$1.13	_____
Total costs	\$1.18	_____

Assumptions

1. Average daily gain (ADG) was assumed to be 1.75 lbs/day (.79 kg/day).
2. It was assumed that the feeder steer weighed in at 650 lbs. (640 lbs. After 1.5% shrink) and was raised to 903 lbs. (849 lbs. After 6% shrink).
3. Cattle were on feed for 150 days; the first 30 days in a feedlot and the remaining 120 days on pasture.
4. Assumed 500 head of cattle on feed and pasture.

BEEF GRASSER PRODUCTION COST WORKSHEET**A. OPERATING COSTS****Your Cost****1. Feed Costs:****1.01 Ground Barley**

	30	days on ground barley
x	4.00	lbs/feeder/day
=	2.50	bushels fed
x	<u>\$2.00</u>	<u>/bu</u>
=	\$5.00	/feeder

1.02 Hay

	30	days on hay
x	12.00	lbs/feeder/day
=	0.18	tons fed
x	<u>\$40.00</u>	<u>/ton</u>
=	\$7.20	/feeder

1.03 Salt, Vitamins & Minerals

	6.00	lbs/feeder/year
x	<u>\$0.30</u>	<u>/lb</u>
=	\$1.80	/feeder

Your Cost**2. Other Operating Costs:****2.01 Feeder Cattle Cost**

Commission		\$0.75	\$/cwt	
x	650	lbs/feeder		
÷	100	lbs/cwt		
=	\$4.88	/feeder		

Trucking-in		\$1.25	\$/cwt	
x	650	lbs/feeder		
÷	100	lbs/cwt		
=	\$8.13	/feeder		

Feeder		650	lbs/feeder	
x	\$130.00	\$/cwt		
÷	100	lbs/cwt		
=	\$845.00	/feeder		

Total Cost		\$858.01	/feeder	
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2.02 Yardage (includes straw, repairs, maintenance, utilities & office supplies)

	\$0.30	cost/head/day	
x	30	days on feed	
=	\$9.00	/feeder	

2.03 Veterinary Medicine & Supplies

	\$0.45	/Tagging	
+	\$0.45	/Vitamin	
+	\$2.50	/Lice & deworm	
+	\$0.43	/Blackleg 7 way	
+	\$1.40	/Implant	
+	\$1.50	/Vaccine	
=	\$6.73	/feeder	

2.04 Insurance

	\$422,500	herd investment	
x	\$0.45	cost/\$100 capital	
÷	100	/\$100	
÷	500	feeder cattle	
=	\$3.80	/feeder	

Your Cost**2.05 Marketing & Transportation**

a) Trucking

x	903	lbs/feeder
+	100	lbs/cwt
x	<u>\$1.25</u>	<u>trucking cost/cwt</u>
=	\$11.29	/feeder

b) Selling Commission

	\$15.00	commission
+	<u>\$0.75</u>	<u>insurance</u>
=	\$15.75	/feeder

Total Costs = \$27.04 /feeder

2.06 Death Loss

	\$858.01	feeder cattle cost
+	\$891.54	maximum value
÷	2.0	average
=	\$874.78	average value
x	<u>1.0</u>	<u>% mortality rate</u>
=	\$8.75	/feeder

2.07 Operating Interest

	\$858.01	feeder cost
+	\$34.66	½ of feed & other costs
x	8.5	% operating interest
x	150	days on feed
÷	<u>365</u>	<u>365 days</u>
=	\$31.18	/feeder

Your Cost**B. FIXED COSTS (Pasture)**

Land

		2.5	acres/head	
x	\$250.00		\$/acre includes fence	
x		5.5	% investment rate	
=	\$34.38		/feeder	

Taxes

		2.5	acres/head	
x	\$2.50		\$/acre	
=	\$6.25		/feeder	

Total	=	\$40.63	/feeder	
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5. Labour (pasture labour)

		0.25	hours/feeder/year	
x	\$10.00		/hour	
=	\$2.50		/feeder	

Breakeven analysis**Cost per lb of gain sold (shrunk weight)**

Operating	\$958.51	operating costs	
-	\$858.01	feeder cost	
+	209	weight gain	
=	\$0.48	/lb of gain sold	

Total	\$1,001.64	Total Costs	
-	\$858.01	Feeder Cost	
+	209	Weight Gain	
=	\$0.69	/lb of gain sold	

Your Cost

Breakeven selling price (shrunk weight)

Operating	\$958.51	Operating Costs
+	849	<u>Shrunk weight</u>
=	\$1.13	/lb (selling price)
 Total	 \$1,001.64	 Total Costs
+	849	<u>Shrunk weight</u>
=	\$1.18	/lb (selling price)

For more information see your local Manitoba Agriculture office.

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